



U.S. Department of the Interior
Minerals Management Service
Office of Public Affairs

NEWS RELEASE

For Release: December 27, 2004
Release: 3210

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MMS to Evaluate Oil and Gas Sale in Alaska's Cook Inlet

The Minerals Management Service will evaluate a second sale in the federal waters of Cook Inlet.. MMS today issued a Request for Information and Notice of Intent to Prepare an Environmental Assessment for Cook Inlet Sale 199, Cook Inlet Sale 199 is tentatively scheduled for May 2006, with a goal of supplementing energy supplies needed in south-central Alaska.

The federal OCS area in Cook Inlet remains relatively unexplored, with the last exploration well drilled in 1984. Cook Inlet is important for the State of Alaska and those who live in Anchorage and the Kenai Peninsula Borough, where residents and industries are in need of a stable supply of energy and fuel. This is the second Cook Inlet sale held under the 2002-2007 Five Year Plan.

"MMS's goal is to keep options open both nationwide and in the State in the search for new energy. By holding predictable sales in the federal portion of Cook Inlet we will complement the State's strong program to find the energy and raw materials to keep the State's economy growing. We hope this sale will be an added incentive for someone to bring a drill rig into Cook Inlet." said MMS Regional Director John Goll.

MMS is proposing to lease in the federal waters of Alaska's Cook Inlet between three and 30 nautical miles offshore. The area covers about 2.5 million acres extending just south of Kalgin Island to just northwest of Shuyak Island. The water depths in the area range from about 30 to 650 feet. No leasing is proposed in Shelikof Strait.

In November 2003, MMS published a single Environmental Impact Statement for both proposed Cook Inlet Sales 191 and 199. In preparation for Sale 199, MMS will write a coastal zone management consistency determination and an environmental assessment, and, if needed, a supplemental EIS. MMS will seek public comment on the environmental document which will focus on any new issues that may have arisen since the EIS was prepared. All sale proposals will be available to the public

"This approach allows us and the public to more easily key in on any new information or issues and is a standard used by the State of Alaska and other federal agencies," said MMS Regional Director John Goll. "Our proposed sale includes a set of stipulations that we have used

successfully in the past to safeguard the fishing and tourism which is so vital to the economy of the Cook Inlet area,” he added.

MMS has a comprehensive regulatory program in place which covers all aspects of the industry’s drilling procedures that have successfully minimized risk. Several requirements are attached to the sale to supplement these rules, including provisions for fisheries, biological resources and use of pipelines to transport any discovered production.

The MMS is evaluating a package of economic incentives for Federal leases in Cook Inlet. This includes a longer primary term of 8 years, lower minimum bid of \$10 per acre, annual rental rates of \$2 per acre and royalty suspension volumes. The RSV’s would relieve royalty payments on a producing lease up to the first 30 million barrels of oil equivalent. The suspension applies to both oil and natural gas and includes price floor and ceiling thresholds.

MMS oversees an extensive multidisciplinary Environmental Studies Program for obtaining information for the prediction, management, and assessment of potential effects of offshore oil and gas exploration and development on the OCS. Currently MMS has more than 20 planned or ongoing studies applicable to Cook Inlet information needs. Information on the status of these studies can be obtained at <http://www.mms.gov/eppd/sciences/exp/profiles>. MMS cooperatively sponsors a Coastal Marine Institute with the University of Alaska Fairbanks, which is conducting several of the studies.

Comments must be received by February 10, 2005, and may be sent to the MMS Alaska OCS Region, 3801 Centerpoint Drive, Room 500 Anchorage, AK 99503; submitted by using Public Connect at <https://ocsconnect.mms.gov/pcs-public>, via e-mail to AKEIS@mms.gov; hand delivered to the above address, or faxed to MMS at 907-334-5202. Please call MMS at 907-334-5208 or toll-free at 1-800-764-2627 if you have additional questions.

The Minerals Management Service is the federal bureau in the U.S. Department of the Interior that manages the nation’s oil, natural gas and other mineral resources on the Outer Continental Shelf (OCS) in federal offshore waters. Currently, about 30 percent of the oil and 23 percent of the gas produced domestically comes from these federal waters. The bureau also collects, accounts for, and disburses mineral revenues from Federal and American Indian lands. MMS disbursed approximately \$8 billion in Fiscal Year 2004 and more than \$143 billion since it was created in 1982. Nearly \$1 billion from those revenues go into the Land and Water Conservation Fund annually for the acquisition and development of state and federal park and recreation lands.

Additionally, the State of Alaska receives 27% of all revenues generated as a result of federal leases that lie within 3-to-6 miles offshore the Alaska coast, and 50% of this money goes into the Alaska Permanent Fund Account.

MMS Main Website: www.mms.gov

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